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January 2, 2013

Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Application Regarding the Acquisition of Progress Energy, Incorporated by
Duke Energy Corporation and Merger of Progress Energy Carolinas,
Incorporated and Duke Energy Carolinas, LLC
PSC Docket No. 2011-158-E**

Dear Mrs. Boyd:

In Order No. 2012-517 Approving Joint Dispatch Agreement ("JDA"), the Public Service Commission of South Carolina ("Commission") conditioned its approval of the JDA on, among other things, Duke Energy Carolinas, LLC ("DEC") and Progress Energy Carolinas, Inc.'s ("PEC") guarantee that PEC's and DEC's retail customers would receive pro rata benefits equivalent to those approved by the North Carolina Utilities Commission ("NCUC") in its Order ruling upon DEC's and PEC's Merger Application, including the protections of the revised Regulatory Conditions and Code of Conduct, to the extent allowable by South Carolina law. *Id.* at 41 ¶ 2. Regulatory Condition No. 5.23 requires DEC and PEC to file within six months of the merger revisions to their electric cost of service manual made necessary by the merger.

The DEC cost of service manual revisions are on pages 35-36, 37 and 68 and are preceded by the header, "Progress Merger Note" and are attached hereto as Attachment A. The PEC cost of service manual revisions are on page 5 and are preceded by the header, "Merger Note" and are attached hereto as Attachment B.

Please feel free to contact me if you have questions.

Yours very truly,


Timika Shafeek-Horton
Deputy General Counsel

Attachment

Jocelyn G. Boyd
Chief Clerk/Administrator
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cc: Parties of Record (*served via e-mail*)
Nanette Edwards, ORS
Courtney Edwards, ORS